

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – SILICA

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following is added to paragraph 2. Exclusions of COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY under SECTION I – COVERAGES:

This insurance does not apply to:

Silica

(1) "Bodily injury" arising, or allegedly arising, in whole or in part, from the inhalation, ingestion, absorption of or exposure to silica in any form or any substance containing silica, either alone, or in combination with other substances or factors, whether included in a product or otherwise.

C00156

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

- A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

C00158

| | |
|---|---|
| Policy Number: CBP9772033 | Prior Policy: 9772033 |
| Coverage Is Provided In The PEERLESS INSURANCE COMPANY - A STOCK COMPANY | |
| Billing Type: DIRECT BILL - MONTHLY | |
| Named Insured and Mailing Address: SHAW MORTGAGE CORPORATION (DBA) THE NATURAL TOUCH 9050 KENAMAR DRIVE SAN DIEGO CA 92121 | Agent: WATERIDGE INSURANCE SERVICES 10717 SORRENTO VALLEY RD SAN DIEGO CA 92121 |
| REFER TO NAMED INSURED SCHEDULE | |
| Agent Code: 4292657 | |
| Agent Phone: (858)-452-2200 | |

Policy Declarations, Forms and Endorsements

1100000977203300CACBPPRN145



RENEWAL



ning a part of

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

| | |
|---|--|
| Named Insured: SHAW MORTGAGE CORPORATION (DBA) THE NATURAL TOUCH REFER TO NAMED INSURED SCHEDULE | Agent: WATERIDGE INSURANCE SERVICES |
| | Agent Code: 4292657 Agent Phone: (858)-452-2200 |

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

DESCRIPTION OF PREMISES

| Prem. | Bldg. | Location Occupancy, Construction/Fire Protection |
|-------|-------|---|
| 1 | 1 | 9050 KENAMAR DRIVE #501 & #502 SAN DIEGO CA 92121 MERCANTILE-n/OTHERWISE CLASSIF JOISTED MASONRY |
| 2 | 1 | 1465 ENCINITAS BLVD SUITE A ENCINITAS CA 92024 MERCANTILE-n/OTHERWISE CLASSIF JOISTED MASONRY |
| 3 | 1 | 9040 KENAMAR DRIVE #403 SAN DIEGO CA 92121 WAREHOUSE-PRIVATE-FP JOISTED MASONRY |
| 4 | 1 | 9755 DISTRIBUTION AVENUE SAN DIEGO CA 92121 WAREHOUSE-PRIVATE-FP JOISTED MASONRY |

COVERAGES PROVIDED:

Insurance at the described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made. (The Coinsurance column reflects Coinsurance %, Extra Expense %, Limits on Loss Payment or Value Reporting Symbol.)

| No. | Bldg. | Coverage | Limit of Insurance | Causes of Loss Form | Coinsurance |
|-----|-------|---------------------------------|-----------------------|------------------------|-------------|
| 1 | 1 | YOUR BUSINESS PERSONAL PROPERTY | \$ 525,000 | SPECIAL | 9.0% |

COVERAGES PROVIDED:

Insurance at the described premises applies only for coverages for which a limit of insurance is shown or for which an entry made. (The Coinsurance column reflects Coinsurance %, Extra Expense %, Limits on Loss Payment or Value Reporting Symbol.)

| Prem. | Bldg. No. | Coverage | Limit of Insurance | Causes of Loss Form | Coinsurance |
|-------|--------------|---|-----------------------|------------------------|-------------|
| 1 | 1 | BUSINESS INCOME AND EXTRA EXPENSE INCLUDING "RENTAL VALUE" | ALS | SPECIAL | N/A |
| 2 | 1 | YOUR BUSINESS PERSONAL PROPERTY | \$ 105,000 | SPECIAL | 90 |
| 2 | 1 | BUSINESS INCOME AND EXTRA EXPENSE INCLUDING "RENTAL VALUE" | ALS | SPECIAL | N/A |
| 3 | 1 | YOUR BUSINESS PERSONAL PROPERTY | \$ 52,500 | SPECIAL | 90 |
| 4 | 1 | YOUR BUSINESS PERSONAL PROPERTY | \$ 157,500 | SPECIAL | 90 |
| 4 | 1 | BUSINESS INCOME AND EXTRA EXPENSE INCLUDING "RENTAL VALUE" | ALS | SPECIAL | N/A |

OPTIONAL COVERAGES:

| Prem. | Bldg. No. | Coverage | Agreed Value Amount Expiration Date | Replacement Cost | Inflation Guard |
|-------|--------------|---------------------------------|--|---------------------|--------------------|
| 1 | 1 | YOUR BUSINESS PERSONAL PROPERTY | | INCLUDED * | |
| 2 | 1 | YOUR BUSINESS PERSONAL PROPERTY | | INCLUDED * | |
| 3 | 1 | YOUR BUSINESS PERSONAL PROPERTY | | INCLUDED * | |
| 4 | 1 | YOUR BUSINESS PERSONAL PROPERTY | | INCLUDED * | |

Replacement cost for Your Business Personal Property also applies to Stock if an asterisk (*) is present.

DEDUCTIBLE: \$ 5,000

MORTGAGE HOLDERS: NONE

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy:

| Form Number | Description |
|-----------------|---|
| 21-30 - 0703 | BUSINESS INCOME COVERAGE-ACTUAL LOSS SUSTAINED |
| CP0010 - 0402 | BUILDING AND PERSONAL PROPERTY COVERAGE FORM |
| CP0030 - 0402 | BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM |
| CP0090 - 0788 | COMMERCIAL PROPERTY CONDITIONS |
| CP1030 - 0402 | CAUSES OF LOSS - SPECIAL FORM |
| CP1211 - 1000 | BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS |
| GECP0121 - 0102 | CALIFORNIA STANDARD FIRE POLICY PROVISIONS |
| GECP700 - 1004 | EQUIPMENT BREAKDOWN ENDORSEMENT |
| GECP904 - 1104 | RETAIL PLATINUM |
| IL0940 - 0102 | EXCLUSION OF WAR, MILITARY ACTION AND TERRORISM |

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Date Issued: 09/06/2005

Policy Number: CBP 9772033

Coverage Is Provided In PEERLESS INSURANCE COMPANY - A STOCK COMPANY

Named Insured:

SHAW MORTGAGE CORPORATION

(DBA) THE NATURAL TOUCH

REFER TO NAMED INSURED SCHEDULE

Agent:

WATERIDGE INSURANCE SERVICES

Agent Code: 4292657

Agent Phone: (858)-452-2200

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. The following is added to the Commercial Property Conditions:

BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS

1. As a condition of this insurance, you are required to maintain the protective devices and/or services listed in the Schedule above.
2. The protective safeguard(s) to which this endorsement applies are identified by the following symbols:
 - a. "BR-1" Automatic Burglary Alarm, protecting the entire building, that signals to:
 - (1) An outside central station; or
 - (2) A police station.
 - b. "BR-2" Automatic Burglary Alarm, protecting the entire building, that has a loud sounding gong or siren on the outside of the building.
 - c. "BR-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
 - d. "BR-4" The protective safeguard described in the Schedule.

B. The following is added to the Exclusions section of the Causes Of Loss – Special Form:

BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS

We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

SCHEDULE*

| Premises No. | Building No. | Protective Safeguards Symbols Applicable |
|-----------------|-----------------|---|
| 001 | 001 | BR-1 |
| 001 | 001 | BR-1 |
| 002 | 001 | BR-1 |
| 002 | 001 | BR-1 |

003

001

BR-1

004

001

BR-1

004

001

BR-1

Describe any "BR-4":

CENTRAL STATION ALARM

CENTRAL STATION ALARM

*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

C00164

EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. The following is added as an Additional Coverage to the Causes of Loss – Basic Form, Broad Form or Special Form.

Additional Coverage – Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited in this endorsement.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident". As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment;
 - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment; or
 - f. Bursting, cracking or splitting.
2. The following coverages also apply to the direct result of an "accident". These coverages do not provide additional amounts of insurance.
 - a. **Expediting Expenses**

With respect to your damaged Covered Property, we will pay up to \$100,000, the reasonable extra cost to:

 - (1) make temporary repairs; and
 - (2) expedite permanent repairs or permanent replacement.
 - b. **Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below.

As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000.
 - c. **Spoilage**
 - (1) We will pay:
 - (a) for physical damage to "perishable goods" due to spoilage;

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- (b) for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$100,000.

d. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an "accident" to "computer equipment".

e. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost "data".

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000.

f. Service Interruption

- (1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an "accident" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
- (2) Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident".
- (3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage.

g. Business Income and Extra Expense

Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit shown in the Declarations for that coverage.

3. EXCLUSIONS

All exclusions in the Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

a. The exclusions are modified as follows:

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(1) If the Causes of Loss – Basic Form or Causes of Loss – Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if an "accident" results, we will pay for the resulting loss, damage or expense.

(2) The following is added to Exclusion B.1.g.:

However, if electrical "covered equipment" requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

(3) If the Causes of Loss – Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident", we will pay for the loss, damage or expense caused by that "accident".

- b. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:
 - (1) your failure to use all reasonable means to protect Covered Property from damage following an "accident";
 - (2) any defect, programming error, programming limitation, computer virus, malicious code, loss of "data", loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense; or
 - (3) any of the following tests:
 - a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
- c. With respect to Service Interruption coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
- d. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
 - (1) loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
 - (2) any increase in loss resulting from an agreement between you and your customer or supplier.
- e. We will not pay under this endorsement for any loss or damage to animals.

4. DEFINITIONS

The following definitions are added:

- a. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment.
- b. "Covered equipment"
 - (1) "Covered equipment" means Covered Property:
 - (a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
 - (2) None of the following is "covered equipment":
 - (a) structure, foundation, cabinet, compartment or air supported structure or building;
 - (b) insulating or refractory material;
 - (c) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (e) "vehicle" or any equipment mounted on a "vehicle";
 - (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) dragline, excavation or construction equipment;

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- (h) equipment manufactured by you for sale; or
- (i) "data"
- c. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- d. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- e. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
- f. "One accident" means: If an initial "accident" causes other "accidents", all will be considered "one accident". All "accidents" that are the result of the same event will be considered "one accident".
- g. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- h. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle".

B. The Building and Personal Property Coverage Form is modified as follows.

The definitions stated above also apply to section B. of this endorsement.

CONDITIONS

The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form and the Common Policy Conditions.

1. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". This can be done by mailing or delivering a written notice of suspension to:

- a. your last known address; or
- b. the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment". If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

3. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident", we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality subject to any applicable limits. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies. This condition only applies to Property Damage coverage.

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Declarations. Coverage provided under this endorsement does not provide an additional amount of insurance.

C00168

RETAIL PLATINUM ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

I. Applicable to:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Section A. COVERAGE

1. Covered Property

The limitation of 100 feet is increased to 1000 feet in the following paragraphs:

- a. 1.a. Building (5) (b)
- b. 1.b. Your Business Personal Property
- c. 1.c. Personal Property of Others (2)

1.a. Building is amended to include:

- 6) Bridges, roadways, patios or other paved surfaces;
- 7) Retaining walls which are not part of the building;
- 8) Fences.

Items 6 and 7 listed above are deleted from paragraph 2, Property Not Covered.

Changes to:

4. Additional Coverages

a. Debris Removal

The additional Debris Removal expense is increased from \$10,000 to \$50,000 for each location in any one occurrence under the paragraph 4.a.(4) Debris Removal.

b. Preservation of Property

The 30 day limitation in paragraph 4.b.(2) Preservation Of Property is increased to 60 days.

c. Fire Department Service Charge

The \$1,000 limit is increased to \$5,000.

(This coverage is not available in Arizona.)

d. Pollutant Clean Up and Removal

The most we will pay under this Additional Coverage for each described premises limit is increased from \$10,000 to \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

e. Increased Cost Of Construction is amended as follows:

- 6) The most we will pay under the Additional Coverage in Paragraph (2), for each described building insured under this Coverage Form, is \$100,000 or 25% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under the Additional Coverage in Paragraph (2), for that damaged building, is the lesser of: \$100,000 or 25% times the value of the damaged building as of the time of loss times the applicable coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

The following paragraphs are added to this Additional Coverage part:

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Ordinance or Law Coverage**10) Coverage A – Coverage for Loss to the Undamaged Portion of the Building:**

If a Covered Cause of Loss occurs to covered building property, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss.
- b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- c) Is in force at the time of loss.

Coverage A is included within the Limit of Insurance shown in the Declarations as applicable to the covered building property. Coverage A does not increase the Limit of Insurance.

11) Coverage B – Demolition Cost Coverage:

If a Covered Cause of Loss occurs to covered building property, we will pay the cost to demolish and clear the site of undamaged parts of the property, caused by enforcement of building, zoning or land use or law.

Coverage B is included within the Limit of Insurance shown in paragraph (6) above.

f. Electronic Data is amended to the following:

- 4) The most we will pay under this Additional Coverage – Electronic Data is \$15,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

The following Additional Coverages are added:**g. Inventory and Appraisal**

We will pay up to \$10,000 Inventory Costs and \$10,000 Appraisal Costs due to loss or damages as a result of a Covered Cause of Loss to covered property. We will only pay if the costs are incurred and are reasonable and necessary to establish the amount of the loss. Attorneys or public adjusters fees are not covered costs under this section.

h. Accounts Receivable**1) We will pay:**

- a) All amounts due from your customers that you are unable to collect;
- b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by a Covered Cause of Loss to your records of accounts receivable.

- 2) We will only pay for covered property while contained inside that part of the building which you occupy at the premises described in the Declarations.

- 3) The most we will pay for loss or damage in any one occurrence is \$100,000.

C00170

I. Fire Protective Equipment

We will pay your costs to:

- 1) recharge or refill fire protective equipment; and
- 2) clean up and remove the fire extinguishing agent,
resulting from the discharge of a fire extinguishing agent from fire protective equipment.

The discharge must:

- 1) be caused by a Covered Cause of Loss;
- 2) result from the intended operation of the fire protective equipment to prevent or control a Covered Cause of Loss;
- 3) be accidental; or
- 4) result from a malfunction of the fire protective equipment.

We will not pay for damage:

- 1) if you fail to use reasonable care to maintain the fire protective equipment in proper operating condition; or
- 2) caused by discharge at the time of servicing, refilling or testing of the fire protective equipment.

The most we will pay for loss or damage in any one occurrence is \$5,000.

J. Arson Reward for Conviction

We will pay a reward to anyone who gives legal authorities information that leads to the conviction of anyone who commits arson with respect to any property covered by this policy. We will pay up to 10 percent of the amount of the covered fire loss or \$10,000 in any one occurrence, whichever is less. No matter how many persons provide information or how many persons are convicted of arson, our liability under this coverage will not be increased.

If the Declarations show you have Business Income Coverage, the following Additional Coverage k. Income Support Properties is added:

k. Income Support Properties

We will pay for the actual loss of business income you sustain due to direct physical loss or damage at the premises of an "income support property" not described in the Declarations, caused by or resulting from any Covered Cause of Loss. "Income support property" means property operated by others on whom you depend to:

- 1) deliver material or services to you, or to others for your account;
- 2) accept your products or services;
- 3) manufacture products for delivery to your customers under contract of sale; or
- 4) attract customers to your business.

The most we will pay for this coverage is \$25,000 in any one occurrence.

l. Extra Expense

We will pay the actual and necessary "extra expense" you sustain due to direct physical loss of or damage to property, including personal property in the open (or in a vehicle) within 1000 feet of the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss.

The most we will pay for "extra expense" in any one occurrence is \$25,000.

If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

- 1) All routes within the building to gain access to the described premises; and
- 2) Your personal property in the open (or in a vehicle) within 1000 feet.

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"Extra expense" means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

- 1) To avoid or minimize the suspension of business and to continue operations:
 - a) At the described premises; or
 - b) At replacement premises or at temporary locations, including:
 - i) Relocation expenses; and
 - ii) Costs to equip and operate the replacement or temporary locations.
- 2) To minimize the suspension of business if you cannot continue operations; or
- 3) To repair or replace any property; or to research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable for "extra expense".

"Period of restoration" means the period of time that begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and ends on the earlier of:

- 1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- 2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that regulates the construction, use or repair, or requires the tearing down of any property; or requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

If the Declarations show that you have Business Income and Extra Expense – Actual Loss Sustained Coverage, this Additional Coverage is deleted.

m. Business Income and Extra Expense Actual Loss Sustained Up to 15 Consecutive Months

If the Declarations show that you have Business Income and Extra Expense – Actual Loss Sustained Coverage, the Limits of Insurance is modified as follows:

The coverage period limitation in this form of up to 12 consecutive months after the date of direct physical loss or damage is changed to up to 15 consecutive months after the date of direct physical loss or damage.

n. Employee Dishonesty

- 1) We will pay for direct loss of or damage to business personal property, including money and securities, resulting from dishonest acts committed by any of your "employees" acting alone, or in collusion with other persons (except you or your partner) with the manifest intent to:
 - a) Cause you to sustain loss or damage and also
 - b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - i) Any "employee"; or
 - ii) Any other person or organization.
- 2) We will not pay for loss or damage:
 - a) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons; or
 - b) The only proof of which as to its existence or amount is dependent upon:
 - i) An inventory computation; or
 - ii) A profit and loss computation.

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- 3) The most we will pay for loss or damage in any one occurrence is \$50,000.
- 4) All loss or damage:
 - a) Caused by one or more persons; or
 - b) Involving a single act or series of related acts;
 is considered one occurrence.
- 5) If any loss is covered:
 - a) Partly by this insurance; and
 - b) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest:
 - the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
- 6) We will pay for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year period to period.
- 7) This Additional Coverage does not apply to any employee immediately upon discovery by:
 - a) You; or
 - b) Any of your partners, officers or directors not in collusion with the employee; of any dishonest act committed by that employee before or after being hired by you.
- 8) We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
- 9) The insurance under Paragraph (8) above is part, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
 - a) This Additional Coverage as of its effective date; or
 - b) The prior insurance had it remained in effect.

Coverage provided under this Additional Coverage is subject to a Deductible equal to the Property Deductible shown in the Declarations.

"Employee" means:

- 1) Any natural person:
 - a) While in your service and for 30 days after termination of service; and
 - b) Whom you compensate directly by salary, wages or commissions; and
 - c) Whom you have the right to direct and control while performing services for you; or
- 2) Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises.

But "employee" does not mean any:

- 1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- 2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

o. Money and Securities

- 1) We will pay for loss of "money" and "securities" used in your business:

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- a) While at a bank or savings institution;
- b) Within your living quarters or the living quarters of your partners or any employee having use and custody of the property;

- c) At the described premises; or
- d) In transit between any of these places, resulting from:
 - i) Theft;
 - ii) Disappearance; or
 - iii) Destruction.

2) We will not pay for loss:

- a) Resulting from accounting or arithmetical errors or omissions;
- b) Resulting from any dishonest or criminal act committed by any of your employees, directors, trustees or authorized representatives:
 - i) Acting alone or in collusion with other persons; or
 - ii) While performing services for you or otherwise;
- c) Due to the giving or surrendering of property in any exchange or purchase;
- d) Of property contained in any money-operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device; or
- e) Forgery or alteration of checks.

3) The most we will pay for loss in any occurrence is:

- a) \$25,000 inside the premises for "money" and "securities" in or on the described premises; or within a bank or savings institution.
- b) \$10,000 outside the premises for "money" and "securities" while anywhere else.

All loss caused by one or more persons and involving a single act or a series of related acts is considered one occurrence.

4) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

"Money" means: currency, coins and bank notes in current use and having a face value; and travelers checks, register checks and money orders held for sale to the public.

"Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes: tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

Coverage provided under this Additional Coverage is subject to a Deductible equal to the Property Deductible shown in the Declarations.

p. Money Orders and Counterfeit Money

We will pay for your loss when you accept in good faith:

- 1) Any money order in exchange for goods or services if the money order is not paid when presented to the issuer; or
- 2) Counterfeit U.S. or Canadian paper money in the regular course of business. C00174

The most we will pay under this additional coverage is \$2,500 in any one occurrence.

q. Brands and Labels

If branded or labeled merchandise that is your covered property is damaged by a Covered Cause of Loss, and we take all or any part of the damaged property at an agreed appraised value, we will pay your reasonable expenses incurred up to \$15,000 to:

- 1) Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or

2) Remove the brands or labels, if doing so will not physically damage the merchandise or its containers, and relabel the merchandise or its containers to comply with the law.

r. Utility Services – Direct Damage

We will pay for loss of or damage to covered property caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage, by a Covered Cause of Loss, to the following property not on the described premises:

- 1) The following types of property supplying water to the described premises: water mains and pumping stations;
- 2) Property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
 - a) Communication transmission lines, including fiber transmission lines;
 - b) Coaxial cables; and
 - c) Microwave radio relays except satellites;
 - d) Overhead transmission lines are included.
- 3) The following types of property supplying electricity, steam or gas to the described premises:
 - a) Utility generating plants;
 - b) Switching stations;
 - c) Substations;
 - d) Transformers; and
 - e) Transmission lines, including overhead transmission lines.

The most we will pay for loss under Utility Services – Direct Damage in any one occurrence is \$25,000.

Coverage provided under this Additional Coverage is subject to a Deductible equal to the Property Deductible shown in the Declarations.

s. Utility Services – Business Income and Extra Expense

If the Declarations show that you have Business Income and/or Extra Expense Coverage, you may extend such coverage to apply to the actual loss of business income and/or extra expense you sustain at the described premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to property not on the described premises, which provides the following services:

- 1) The following types of property supplying water to the described premises: water mains and pumping stations;
- 2) Property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
 - a) Communication transmission lines, including fiber transmission lines;
 - b) Coaxial cables; and
 - c) Microwave radio relays except satellites;
 - d) Overhead transmission lines are included.
- 3) The following types of property supplying electricity, steam or gas to the described premises:
 - a) Utility generating plants;
 - b) Switching stations;
 - c) Substations;
 - d) Transformers; and
 - e) Transmission lines, including overhead transmission lines.

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The most we will pay for loss of Business Income and/or Extra Expense under Utility Services in any one occurrence is \$25,000.

We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the property described above.

t. Spoilage Coverage

- 1) We will pay for the loss of "perishable stock" at the described premises owned by you, or by others that is in your care, custody or control, caused by:
 - a) A change in temperature or humidity resulting from mechanical or electrical breakdown of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises.

The most we will pay for loss under this additional coverage is \$25,000 in any one occurrence.
- 2) We will determine the value of finished "perishable stock" in the event of loss or damage at:
 - a) The selling price, as if no loss or damage had occurred;
 - b) Less discounts and expenses you otherwise would have had.
- 3) This additional coverage does not apply if the spoilage results from:
 - a) Earth Movement;
 - b) Government Action;
 - c) Nuclear Hazard;
 - d) War and Military Action;
 - e) Water;
 - f) The disconnection of any refrigerating, cooling or humidity control system from the source of power;
 - g) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;
 - h) The inability of an Electrical Utility Company or other power source to provide sufficient power due to lack of fuel or governmental order.
 - i) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
 - j) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit; and
 - k) Contamination by the refrigerant.

"Perishable stock" means personal property maintained under controlled conditions for its preservation; and susceptible to loss or damage if the controlled conditions change.

Coverage provided under this Additional Coverage is subject to a Deductible equal to the Property Deductible shown in the Declarations.

u. Lost Key Coverage

C00176

We will pay for consequential loss to keys and locks if a master key or grand master key is lost or damaged resulting from a Covered Cause of Loss. We will pay for the actual cost to replace keys, adjustment of locks to accept new keys, or if required, new locks, including the cost of their installation.

The most we will pay for loss or damage under this coverage is \$10,000 in any one occurrence.

v. Leasehold Interest

We will pay for loss of "tenants lease interest" you sustain due to the cancellation of your lease. The cancellation must result from direct physical loss or damage at a premises described in the Declarations due to a Covered Cause of Loss.

"Tenants lease interest" means the difference between the rent you will pay under a new lease at the described premises; or elsewhere, and the rent you now pay.

The most we will pay for such loss is the least of:

- a) The total difference in rent based on the period of time remaining under your current lease; or
- b) The total difference in rent for one year; or
- c) \$25,000.

w. Contract Penalty Clause

We will pay the contract penalties you are required to pay to your customers as a result of any written clause in your contract for failure to timely deliver your product or service according to contract terms, provided the contract was executed prior to the loss or damage. The penalties must solely result from direct physical loss or damage by a Covered Cause of Loss to covered property.

The most we will pay for penalties for all contracts in any one occurrence is \$5,000.

x. Damages to Customer's Autos

We will pay for "loss" due to direct physical damage to a "customer's auto" and its contents while left in the care, custody or control of your hired attendant from any cause including collision with another object.

The most we will pay for damage to any one auto is the least of:

- 1) The actual cash value of the auto and its contents at the time of "loss";
- 2) The cost of repairing or replacing the damaged auto and its contents; or
- 3) \$30,000.

Regardless of the number of covered autos involved in any "loss", or the number of occurrences, the most we will pay during the policy period for all damages to "customer's autos" at any location is a total of \$100,000.

The insurance provided by this coverage is primary insurance which applies without regard to legal liability.

Deductible – Our payment for "loss" for each "customer's auto" and its contents will be reduced by a deductible of \$1,000. However, the maximum deductible for all "loss" in any one occurrence will be \$5,000.

"Customer's auto(s)" means an automobile(s) in the care, custody or control of your hired attendant while your customer is on the premises described in the Declarations, but does not include an automobile owned by or rented or loaned to any insured.

"Loss" means direct and accidental loss or damage.

5. Coverage Extensions

The 100 feet limitation shown for 5. Coverage Extensions, is increased to 1,000 feet.

a. Newly Acquired or Constructed Property

- 1) Insurance that applies to Building under this Extension is increased from \$250,000 at each building to \$1,000,000 at each building.
- 2) Insurance that applies to Your Business Personal Property under paragraph (i) and (ii), of this Extension is increased from \$100,000 at each building to \$250,000 at each building.

b. Personal Effects

The most we will pay for loss or damage under this Extension is increased from \$2,500 at each described premises to \$25,000 at each described premises.

C00177

c. **Valuable Papers and Records (Other Than Electronic Data) Is amended to the following:**

- 4) Under this Extension, the most we will pay to replace or restore the lost information is \$100,000 at each described premises. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance. We will only pay the costs to replace or restore the lost information if the costs are actually incurred.

d. **Property Off-Premises is amended to the following:**

- 1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - a) Temporarily at a location you do not own, lease or operate;
 - b) In storage at a location you lease, provided the location is not scheduled on the policy; or
 - c) At any fair, trade show or exhibition.
- 2) This Extension does not apply to property:
 - a) In or on a vehicle; or
 - b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- 3) The most we will pay for loss or damage under this Extension is \$50,000.

e. **Outdoor Property Is amended to the following:**

You may extend the insurance provided by this Coverage Form to apply to your outdoor radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- 1) Fire;
- 2) Lightning;
- 3) Explosion;
- 4) Riot or Civil Commotion; or
- 5) Aircraft;
- 6) Vehicle Damage;
- 7) Vandalism.

The most we will pay for loss or damage under this Extension is \$25,000, but not more than \$500 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. **Loss to Pairs or Sets**

If there is a loss or damage by a Covered Cause of Loss to covered property which is a part or set, we will pay, at our option, for:

- 1) The cost to repair or replace any part to restore the pair or set to its value before the loss; or
- 2) The difference between the value of the pair or set before and after the loss; or
- 3) The full actual cash value for the pair or set at the time of loss, and you will give us the remainder of the pair or set.

g. **Damage to Buildings and/or Structures**

We will pay for damage caused by:

- 1) Theft or attempted theft; or
- 2) Physical contact of a vehicle with the building or structure,

C00178

to that part of any building or structure at the premises described in the Declarations where you are a tenant and are responsible for the repair of such damage.

The most we will pay for such damage is \$50,000 in any one occurrence.

h. Increase in Business Personal Property Limit

The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 90% of your average monthly value during the lesser of:

- 1) The 12 month period immediately preceding the date the loss or damage occurs;

Or

- 2) The period of time you have been in business as of the date loss occurs.

i. Employee Tools Coverage

You may extend the insurance that applies to your Business Personal Property to apply to loss or damage by a Covered Cause of Loss to tools owned by your employees while used in your business or when in your building.

However, we will not pay for a loss that is caused by or results from theft or attempted theft of employee tools unless such loss occurs:

- 1) At a building and there is visible evidence of forcible entry or exit on your building; or
- 2) From a locked vehicle and there is visible evidence of forcible entry. The value of Employee Tools will be determined at actual cash value as of the time of loss or damage.

The most we will pay with respect to employee tools is \$25,000 in any one occurrence.

Coverage provided under this Coverage Extension is subject to a Deductible equal to the Property Deductible shown in the Declarations.

Section C. LIMITS OF INSURANCE

The limit for outdoor signs attached to buildings is amended as follows:

The most we will pay for loss or damage to outdoor signs attached to buildings is \$25,000 per sign in any one occurrence.

Section G. OPTIONAL COVERAGES

2. Inflation Guard

- a) The Limit of Insurance for buildings will automatically increase by 3%.
- b) The amount of increase will be:
 - 1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - 2) The 3% of annual increase, expressed as a decimal (example: 3% is .03), times
 - 3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

| | | |
|-----|--|------------|
| If: | The applicable Limit of Insurance is | \$ 100,000 |
| | The annual percentage increase is | 3% |
| | The number of days since the beginning of the policy year (or last policy change) is | 216 |
| | The amount of increase is \$100,000 x .03 x 216 + 365 = | \$ 1,775 |

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II. Applicable To:

CAUSES OF LOSS – SPECIAL FORM

Section B. EXCLUSIONS

1. a. **Ordinance or Law** – this exclusion is not applicable to the coverages provided in the Ordinance or Law Additional Coverage.
- g. **Water** is amended as follows:
 - 4) We will pay not more than \$100,000 in any one occurrence for loss or damage caused directly or indirectly by water that backs up or overflows from a sewer, drain or sump.

Section F. ADDITIONAL COVERAGE EXTENSIONS

1. **Property In Transit** a. and c. are replaced with the following:

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 1000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- c. The most we will pay for loss or damage under this Extension is \$25,000.

If coverage is provided elsewhere in this policy for the same loss or damage as the coverage provided under this endorsement, the coverage under this endorsement will apply excess over that other coverage. We will not pay more than the actual amount of the covered loss or damage.

This endorsement is otherwise subject to all the terms, conditions, provisions and stipulations of the policy to which it is attached.

C00180

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME COVERAGE – ACTUAL LOSS SUSTAINED

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

A. Section A. COVERAGE is revised as follows:

1. **Broadened Premises**

The within 100 feet of the described premises stated in:

- a. Section A. COVERAGE; and
- b. Paragraph A. 5.b., Alterations and New Buildings;

is deleted and replaced by within 1000 feet.

2. The following is added to A. COVERAGE, 2. Extra Expense:

We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. The following is added to 5. Additional Coverages:

e. **Business Income from Dependent Properties**

We will pay up to \$10,000 for your actual loss of Business Income and necessary Extra Expense you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to a "dependent property" caused by or resulting from a Covered Cause of Loss.

"Dependent Property" as used in this Additional Coverage means property operated by others whom you depend on to:

- a. Deliver materials or services to you, or to others for your account (Contributing Locations). With respect to Contributing Locations, services does not mean water, fuel, communication or power supply services;
- b. Accept your products or services (Recipient Locations);
- c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- d. Attract customers to your business (Leader Locations).

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4. Paragraph 6. Coverage Extension is deleted and replaced by the following:

6. Coverage Extension

Newly Acquired Locations

- a. You may extend your Business Income coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is the actual loss sustained but not more than \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) The policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

B. Section B. LIMITS OF INSURANCE is deleted and replaced by the following:

B. LIMITS OF INSURANCE

We will pay for the actual loss of Business Income that you sustain that occurs within 12 consecutive months after the date of direct physical loss or damage. This coverage is not subject to any other limits of insurance.

C. Section D. ADDITIONAL CONDITION, Coinsurance is deleted.

C00182

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. – Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this Section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;

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(7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property Of Others that is:

(1) In your care, custody or control; and

(2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under Additional Coverages – Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This Paragraph n., does not apply to your "stock" of prepackaged software.
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data.
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or

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(2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-Owned Detached Trailers.

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
 - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

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(5) Examples

The following examples assume that there is no coinsurance penalty.

Example #1

| | |
|------------------------|-------------------------------|
| Limit of Insurance | \$ 90,000 |
| Amount of Deductible | \$ 500 |
| Amount of Loss | \$ 50,000 |
| Amount of Loss Payable | \$ 49,500 |
| | (\$50,000 - \$500) |
| Debris Removal Expense | \$ 10,000 |
| Debris Removal Expense | |
| Payable | \$ 10,000 |
| | (\$10,000 is 20% of \$50,000) |

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($\$49,500 + \$10,000 = \$59,500$) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example #2

| | |
|------------------------|--------------------|
| Limit of Insurance | \$ 90,000 |
| Amount of Deductible | \$ 500 |
| Amount of Loss | \$ 80,000 |
| Amount of Loss Payable | \$ 79,500 |
| | (\$80,000 - \$500) |
| Debris Removal Expense | \$ 30,000 |
| Debris Removal Expense | |
| Payable | |
| Basic Amount | \$ 10,500 |
| Additional Amount | \$ 10,000 |

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense ($\$79,500 + \$30,000 = \$109,500$) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

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c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

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- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered – Electronic Data.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage – Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Electronic Data is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Electronic Data includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage – Electronic Data is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

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a. Newly Acquired Or Constructed Property**(1) Buildings**

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered - Electronic Data.

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- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-Premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-Owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

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- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the Preservation of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

| | |
|-------------------------------|-----------|
| Deductible: | \$ 250 |
| Limit of Insurance – Bldg. 1: | \$ 60,000 |
| Limit of Insurance – Bldg. 2: | \$ 80,000 |
| Loss to Bldg. 1: | \$ 60,100 |
| Loss to Bldg. 2: | \$ 90,000 |

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

$$\begin{array}{r}
 \$ 60,100 \\
 - 250 \\
 \hline
 \$ 59,850 \text{ Loss Payable – Bldg. 1}
 \end{array}$$

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable: $\$59,850 + \$80,000 = \$139,850$

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Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$ 70,000

(exceeds Limit of Insurance plus Deductible)

Loss to Bldg. 2: \$ 90,000

(exceeds Limit of Insurance plus Deductible)

Loss Payable – Bldg. 1: \$60,000

(Limit of Insurance)

Loss Payable – Bldg. 2: \$80,000

(Limit of Insurance)

Total amount of loss payable:

\$140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

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